



Recommended City Council Response to Grand Jury Report titled “No ‘Cost’ for Alarm?”

Rules Committee
September 14, 2011



Grand Jury Report

- Filed on June 1, 2011
- Addresses issues related to complaints of financial accounting improprieties in the Police Department's Permits and Licensing Unit, particularly relating to the Alarm Permits Program
- The report includes seven findings and seven recommendations
 - Four recommendations directed to the Police Department
 - Three recommendations directed to the Mayor and City Council



City Council Response

- For each finding:
 - Agree
 - Disagree wholly or partially
- For each recommendation:
 - Has been implemented
 - Has not yet been implemented, but will be
 - Requires further analysis
 - Will not be implemented



City Council Response

- Superior Court granted extension to November 1 due to demands of legislative calendar
- IBA received copy of Mayor's draft responses
- IBA has prepared recommended responses on behalf of the Council
- For each item, Council may:
 - Join the Mayor's Response
 - Modify the Mayor's Response
 - Respond independently of the Mayor



City Council Response

Recommendations:

11-49, 11-50

Join the Mayor's Response

Findings:

Recommendations:

11-48,

*Respond with a Modification to the
Mayor's Response*

Findings:

01, 02, 03, 04, 05, 06, 07



Finding #01

- *“The cost of processing the alarm permit application is to be borne by the applicant. An audit would clarify whether this is being accomplished.”*
- **Mayor’s Draft Response: Agree with the finding.**
 - The Department holds the applicant responsible for all alarm permit application fees
 - This cost is built into the alarm permit fee



Finding #01

- **IBA Recommendation: Respond with a modification to the Mayor's response, replacing it with the following:**
- Per Section 33.0307 of the Municipal Code, the cost of processing an application for a *police permit* is to be borne by the applicant
- The City Auditor's Office is concluding a performance audit of the San Diego Police Department Permits and Licensing Unit for release at the end of September of 2011



Finding #01

- Among the objectives of the audit is to assess the extent to which the Police Department recovers all costs associated with the permits issued by the Unit
- The audit will contain specific findings and recommendations pertaining to the alarm permits program



Finding #02

- *“A number of activated alarms do not have a valid permit.”*
- **Mayor’s Draft Response: Agree with the finding.**
 - There are some installed alarms that the Department is not aware of until they have an activation AND the department responds
 - If this occurs, the business or residence is brought into compliance or fined
 - Every applicable alarm that the Department is aware of either has a valid permit or is fined and brought into compliance



Finding #02

- **IBA Recommendation: Respond with the following modification of the Mayor's Response:**
- The Police Department estimates that there are approximately 64,000 permitted alarms within the City
- In FY 2011, the Department received 12,303 alarm calls from unpermitted alarm systems
- The Department does not have information regarding all activated alarm systems within the City as alarm companies are not required to provide this information under the current Municipal Code
- The number of activated alarms that do not have a valid permit is unknown



Finding #03

- *“A number of fees for new alarms or renewal permits are not being collected.”*
- **Mayor’s Draft Response: Partially disagree with the finding.**
 - Every new alarm system the Department is aware of has either paid their permit fee or is being fined for not being in compliance
 - There may be cases in which an alarm permit is not renewed while still being active; however the Department makes every effort to minimize those occurrences



Finding #03

- **IBA Recommendation:** Respond with the following modification of the Mayor's Response:
 - Given that the Police Department does not have information regarding all activated alarm systems within the City, the number of fees for new alarms that are not collected is unknown
 - Renewal notices are sent via mail to permit holders noticing them of the expiration date of their permit thirty days prior to expiration
 - No further action is taken if a permit holder does not renew their permit



Finding #04

- *“Without the requested audit, the Grand Jury is unable to verify the number of licenses revoked due to false alarms.”*
- **Mayor’s Draft Response: Partially disagree with the finding.**
 - Cannot make a determination of what the Grand Jury can or cannot verify based on the Audit
 - Disagreement with the implied lack of cooperation
 - Objected to an in-house audit due to no legal authority for such an audit
 - Offered all of the requested information to the Grand Jury, which was to be produced by a third party



Finding #04

- **IBA Recommendation: Respond with a modification to the Mayor's response, replacing it with the following:**
 - The number of licenses revoked due to excessive false alarms totaled 1,256 in FY 2010 and 1,129 in FY 2011
 - Although the Grand Jury was unable to verify the number of licenses revoked with an audit, the City Auditor's Office is concluding a performance audit of the Police Department Permits and Licensing Unit, including the alarm permit program
 - The City Auditor's Office was able to review information regarding alarm permit revocations



Finding #05

- *“Without the requested audit, the Grand Jury is unable to verify the amount of money collected for revocation of permits and fines due to failure to have a valid permit.”*
- **Mayor’s Draft Response: Partially disagree with the finding.**
 - See response to Finding #04



Finding #05

- **IBA Recommendation: Respond with a modification to the Mayor's response, replacing it with the following:**
- The amount of money collected for revocation of permits and fines due to failure to have a valid permit totaled \$234,392 in FY 2010 and \$187,000 in FY 2011
- Although the Grand Jury was unable to verify this information with an audit, the City Auditor's Office is concluding a performance audit of the Police Department Permits and Licensing Unit, including the alarm permit program
- The City Auditor's Office was able to review information regarding the amount of money collected from the revocation of permits and fines



Finding #06

- *“The permit applicant must go to different locations for different types of permits, such as building, cigarette, entertainment, and burglar or fire alarm permits.”*
- **Mayor’s Draft Response:**
 - All *Police Regulated* industry permits, renewals and fines are issued at a single location
 - Alarm renewal fees and fines can be paid through the mail and on-line
 - The Department does not have the ability or authority to regulate or collect revenue for other entities



Finding #06

- Permits required by other agencies or City departments are typically processed at those respective locations
- The Mayor's Business office has conducted an efficiency study regarding this issue and may be recommending some adjustments on the payment of permits
- The SDPD will still continue to oversee the application, investigation and enforcement of the police regulated industries



Finding #06

- **IBA Recommendation:** Respond with the following modification of the Mayor's response:
 - Permits, renewals, and fines are issued at the San Diego Police Department Headquarters Building within the Vice Permits & Licensing Office
 - The majority of alarm permit holders attain an alarm permit and pay renewal fees and fines through the mail



Finding #07

- *“The time required to track down expired alarm permits, six to nine months, is inefficient and deprives the City of significant revenue.”*
- **Mayor’s Draft Response: Disagree with the finding.**
 - Does not take six to nine months to track down expired permits
 - Letters are sent at the beginning of each month to all permit holders who have a permit that will expire the following month
 - Many permits expire and are never renewed because a system is no longer monitored
 - If there are any calls for service after an alarm has expired, that permit is brought into compliance or fined



Finding #07

- **IBA Recommendation: Respond with the following modification of the Mayor's response:**
- No access to information from alarm companies on activated alarm systems in the City
- Due to this, the Department is limited in its ability to identify and track down expired permits for alarms that are still being monitored
- Removed from the response:
 - Does not take six to nine months to track down expired permits
 - Many permits expire and are never renewed because a system is no longer monitored



Recommendation 11-48

- *“Revise Municipal Code Sec. 33.3700 through 33.3713 to levy a substantial fine against both the alarm owner and the alarm company for activating an alarm without a permit.”*
- **Mayor’s Draft Response: This recommendation requires further analysis.**
 - The Municipal Code already contains provisions for fines against the alarm owner for activating an alarm without a permit
 - The City will request by October 31, 2011 an opinion from the City Attorney’s office to determine if levying a fine against alarm companies is legal under the California constitution



Recommendation 11-48

- **IBA Recommendation: Respond with the following modification of the Mayor's Response:**
 - The Municipal Code contains provisions for a penalty fee against the alarm owner for activating an alarm without a permit when the alarm system generates a police call for service
 - The fee is only assessed if the alarm owner does not attain a permit within fifteen days of notification of the false alarm
 - No penalty exists for alarm companies for activating an alarm without a permit



Recommendation 11-48

- The City Auditor's Office is concluding a performance audit of the San Diego Police Department Permits and Licensing Unit for release at the end of September of 2011
- The report can inform any future Council action in revising the Municipal Code to impose fines on both the alarm owner and the alarm company for activating an alarm without a permit



Recommendation 11-49

- *“Audit the San Diego Police Department’s Permits and Licensing Division annually to ensure accountability and adherence to municipal codes.”*
- **Mayor’s Draft Response & IBA Recommendation: This recommendation requires further analysis.**
- Quarterly reports are completed for the Chief of Police to ensure that the Permits and Licensing Unit is maintaining accountability and meeting established expectations
- The current audit will likely provide an opportunity to appraise the effectiveness of the Unit and help determine the need and/or frequency of future audits



Recommendation 11-50

- *“Direct the City’s Chief Operating Officer to acquire a location/office where all permits required by the City, including alarm permits, could be obtained. The Grand Jury believes this would encourage people to comply with permit laws, and reduce redundancy in permit processing and staffing. This “one-stop shop” could also simplify monitoring activities for City departments.”*



Recommendation 11-50

- **Mayor's Draft Response & IBA Recommendation: This recommendation has not yet been implemented.**
- The City of San Diego is currently finalizing the development of a one-stop shop approach for most City permits with implementation scheduled to be completed in mid 2012
- Alarm permits were not included in the one-stop shop because they don't require review and approval like most other City permits
- The one-stop shop is tied to City permits with corresponding business license requirements
- The Police Department is continuing to explore systems that will increase convenience to the alarm permittees and maximize compliance



Questions?